


subject to the Commission's ruling in Docket No. 96-7010.

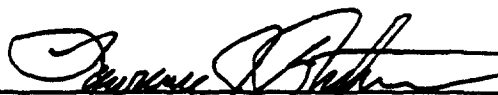
3. Nevada Bell's Application to deregulate public and semi-public telephone service should be approved.
4. The Staff and Nevada Bell agree that there are no charges in the regulated intrastate rates that recover the costs of the deregulated payphone services as a whole.
5. The tariffs, as amended, are attached hereto as Exhibit 1, and should be approved.
6. The Staff and Nevada Bell agree that nothing in this ~~Stipulation~~  stipulation limits the ability of the Staff to investigate and/or raise before the Commission issues concerning the relative profitability of individual Nevada Bell payphones, including but not limited to those that may be designated in the future as "public interest payphones", and any accounting and/or regulatory treatment associated therewith.

7. This Settlement Agreement is subject to approval by the Commission.

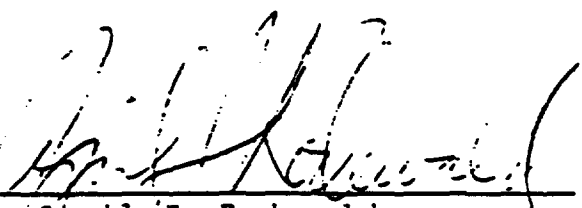
8. The provisions of this Settlement Agreement are not severable and shall become effective only after the Commission has entered an order approving the Settlement Agreement. In the event the Settlement Agreement is not approved in whole by the Commission, it shall be deemed withdrawn without prejudice to any claims or contentions which may have been made in this proceeding by any party, and no part of said Settlement Agreement shall be admissible in evidence in any way or described or discussed in any proceeding hereafter. The Commission's approval of this Settlement Agreement shall not constitute approval of, or a precedent regarding, any principle or issue for any other purpose.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement on the page that follows.

REGULATORY OPERATIONS STAFF
OF THE PUBLIC SERVICE COMMISSION

By: 
Lawrence J. Stratman

NEVADA BELL

By: 
April J. Rodewald



A Pacific Telesis Company

645 E. Plumb Lane, Room 8132
P.O. Box 11010
Reno, Nevada 89520
(702) 333-3138
Fax: 333-2175

A. J. (April) Rodewald
General Counsel &
External Affairs
Vice President

January 15, 1997

Advice No. 1778

PUBLIC SERVICE COMMISSION OF NEVADA
STATE OF NEVADA
CARSON CITY, NEVADA

Nevada Bell hereby transmits for filing the following changes in
Tariff P.S.C.N. No. A5., C2-A., C6-A., C12-A. and C13-A.:

P.S.C.N. Page No.	Title of Page	Canceling P.S.C.N. Page No.
7th Revised Sheet E	EXCHANGE SERVICES	6th Revised Sheet E
4th Revised Page 55	"	3rd Revised Page 55
3rd Revised Page 56	"	2nd Revised Page 56
1st Revised Page 56.1	"	Original Page 56.1
4th Revised Page 57	"	3rd Revised Page 57
3rd Revised Page 57.1	"	2nd Revised Page 57.1
4th Revised Page 58	"	3rd Revised Page 58
5th Revised Page 58.1	"	4th Revised Page 58.1
2nd Revised Page 58.1.1	"	1st Revised Page 58.1.1
1st Revised Page 58.1.2	"	Original Page 58.1.2
4th Revised Page 58.2	"	3rd Revised Page 58.2
3rd Revised Page 58.3	"	2nd Revised Page 58.3
13th Revised Page 59	"	12th Revised Page 59
15th Revised Page 60	"	14th Revised Page 60
3rd Revised Page 60.1	"	2nd Revised Page 60.1
1st Revised Page 60.1.1	"	Original Page 60.1.1
5th Revised Page 60.2	"	4th Revised Page 60.2
2nd Revised Page 60.3	"	1st Revised Page 60.3
2nd Revised Page 61	"	1st Revised Page 61
2nd Revised Page 61.1	"	1st Revised Page 61.1
2nd Revised Page 61.2	"	1st Revised Page 61.2
1st Revised Page 61.3	"	Original Page 61.3
3rd Revised Page 61.4	"	2nd Revised Page 61.4
Original Page 61.4.1	"	
Original Page 61.4.2	"	

P.S.C.N. Page No.	Title of Page	P.S.C.N. Page No.
3rd Revised Page 61.5	EXCHANGE SERVICES	2nd Revised Page 61.5
Original Page 61.5.1	"	
1st Revised Page 68.2	"	Original Page 68.2
1st Revised Page 104	"	Original Page 104
1st Revised Page 105	"	Original Page 105
2nd Revised Page 106	"	1st Revised Page 106
3rd Revised Page 36	GENERAL REGULATIONS	2nd Revised Page 36
2nd Revised Page 32	SWITCHED ACCESS	1st Revised Page 32
3rd Revised Page 40	SERVICE	2nd Revised Page
2nd Revised Page 2	SPECIALIZED SERVICE OR ARRANGEMENT	1st Revised Page 2
3rd Revised Page 3	"	2nd Revised Page 3
2nd Revised Page 4	"	1st Revised Page 4
2nd Revised Page 5	"	1st Revised Page 5
4th Revised Page 8	ADDITIONAL ENGINEERING,	3rd Revised Page 8
3rd Revised Page 9	ADDITIONAL LABOR AND	2nd Revised Page 9
2nd Revised Page 10	MISCELLANEOUS SERVICES	1st Revised Page 10
4th Revised Page 11	"	3rd Revised Page 11
1st Revised Page 11.1	"	Original Page 11.1
2nd Revised Page 11.2	"	1st Revised Page 11.2
2nd Revised Page 11.3	"	1st Revised Page 11.3
1st Revised Page 11.4	"	Original Page 11.4

Nevada Bell proposes for filing ten new service options under the Nevada Bell Customer Owned Public Telephone Service (COPTS) and Customer Provided Inmate Calling Service (CPICS) tariffs.

The Telecommunications Act of 1996, Section 276(a)(1) requires that any Bell Operating Company that provides payphone service "...shall not subsidize its payphone service directly or indirectly from its telephone exchange operations or its exchange access operation; and (2), shall not prefer or discriminate in favor of its payphone service."

The Federal Communications Commission (FCC) released an Order¹ in which the FCC concluded that incumbent LEC payphones should be

¹ In the Matter of Implementation of the Payphone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, on September 20, 1996. The FCC subsequently released an Order on Reconsideration on November 8, 1996.

treated as deregulated and detariffed CPE. In addition, the FCC directed LECs to provide tariffed coin service to independent Payphone Service Providers (PSPs) for use with either instrument-implemented "smart payphones" or "dumb" payphones that utilize central office coin services in the same manner as used by the LEC.

In compliance with the FCC order, this tariff filing proposes new tariffed coin services which provide the independent PSP with all of the options utilized by the Nevada Bell payphones. These tariff revisions introduce nine new COPT services and one new CPICs service. These new services offer the PSP a choice of central office based coin services, as well as coin services that do not require central office based features.

Nevada Bell payphone service was deregulated by the FCC. The Nevada Bell payphone service provider will purchase coin access service from these new tariffed service options.

The FCC, in its order (paragraph 190), has concluded that AT&T pay telephones shall be deregulated and treated in the same manner as independent pay telephones. Therefore, the Tariff P.S.C.N. No. C.12.3.1, Public Access Line Service is withdrawn by this filing. All PSPs will purchase payphone access service from the Tariff P.S.C.N. A5.5.3 and A5.12.1. In addition, Nevada Bell has made revisions to various other tariffs to reflect the FCC's deregulation of Nevada Bell's pay telephones.

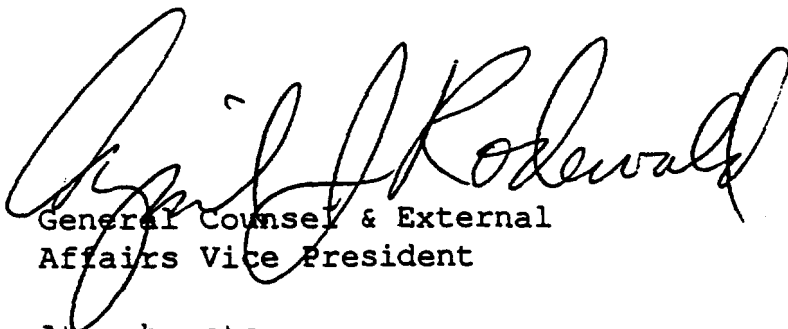
Nevada Bell has completed the required cost studies to support this application. Nevada Bell believes the detailed information to be highly sensitive and proprietary. Therefore, the redacted cost study, showing the net present value of the revenue, net present value of the cost, contribution, and the revenue-to-cost ratio is included as Attachment No. 1. The unredacted cost study is being provided to the Commission under separate cover for the Commissioners' use only, in compliance with Nevada Administrative Code (NAC) 703.527 through 703.5282. Nevada Bell will provide the information to the Regulatory Operations Staff ("Staff") and the Attorney General's Office of Advocate for Customers of Public Utilities ("OCA"), if requested, upon receipt of a signed and approved Nevada Bell protective and nondisclosure agreement.

This filing will not increase any other rate or charge, cause the withdrawal of any other service, nor conflict with other tariffs, rules or regulations.

It is desired that this filing become effective on April 15, 1997 in compliance with the FCC's order. Questions regarding this advice letter may be directed to MaryAnn Slayton at 702-333-4037.

Yours truly,

NEVADA BELL

A large, stylized handwritten signature in black ink, which appears to read "Gerald J. Rodewald". The signature is written over the typed name and title.

General Counsel & External
Affairs Vice President

Attachments

cc: Fred Schmidt, Consumer Advocate

April 10, 1997

EX PARTE

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop Code 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: CC Docket No. 96-128, Implementation of the Pay Telephone
Reclassification and Compensation Provisions of the
Telecommunications Act of 1996, Comparably Efficient
Interconnection Plan for the Provision of Basic Telephone Service

Dear Mr. Caton:

Pursuant to paragraph 37 of the Commission's April 4, 1997 Order,¹ Pacific Bell and Nevada Bell, subsidiaries of SBC Communications Inc., hereby advise the Commission on the status of our intrastate tariffs for the features and functions that we have not yet federally tariffed.² Pacific Bell and Nevada Bell further commit to file federal tariffs for the features and functions listed below within 45 days of the date of the Order.

Pacific Bell's intrastate tariffs include the following unbundled features and functions:

- International Direct Distance Calling ("IDDD") (see state tariffs at sheet 476.2.1, item s). This was included in our intrastate tariffs that were filed on January 15, 1997 and effective on April 1, 1997.³

¹ *In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, Order, DA 97-678 (released April 4, 1997) (the "Order").

² We believe that IDDD (in the case of both Pacific Bell and Nevada Bell) and 10XXX Selective Blocking (in the case of Pacific Bell) are not unbundled features because their costs have not been removed from the price of the underlying line and priced so as to recover their costs separately. Nevertheless, we are willing to federally tariff them.

³ Copies of these intrastate tariffs, for both Pacific Bell and Nevada Bell, were attached to the Reply Comments of Pacific Bell and Nevada Bell filed on February 27, 1997.

Mr. William F. Caton
April 10, 1997
Page Two

- ~~10XXX~~ Selective Blocking for bothway Basic COPT service (see state tariffs at sheet 476.5.2, item f). This was included in intrastate tariffs that were filed on January 15, 1997 and effective on April 1, 1997.
- Answer Supervision (see attached tariff sheet).⁴ This was filed in intrastate tariffs on September 2, 1992 and was effective on November 6, 1992.

Nevada Bell's intrastate tariffs include the following unbundled features and functions:

- International Direct Distance Calling ("IDDD") (see state tariffs at page 61.2, item p). This was included in intrastate tariffs filed on January 15, 1997, which we expect to be effective on April 15, 1997.

Please include this letter and attachment in the record of this proceeding in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Acknowledgement and date of receipt of this letter are requested. A duplicate letter is attached for this purpose.

Please contact me at (213) 975-3287 should you have further questions.

Very truly yours,

Polly L. Brophy
Senior Counsel

Attachment

cc: Mr. Christopher Heimann, Policy and Program Planning Division

⁴ In Pacific Bell territory, answer supervision is available to any voice grade lineside service. Because it is generally available, we do not believe it is a payphone specific service. Nevertheless, we are willing to federally tariff answer supervision.

Mr. William F. Caton
April 10, 1997
Page Two

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Senior Counsel

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Mr. William F. Caton
April 10, 1997
Page Three

bcc: Sherry Herauf
Tom Weber
Rod Stanley
Irene Lopez
Amy Fite
Nancy McMahon
Jeff Thomas
Michael Kellogg

0042152.01



A Pacific Telesis Company

645 E. Plumb Lane, Room B-132
P.O. Box 11010
Reno, Nevada 89520
(702) 333-3120

May 16, 1997

M. E. King, Jr.
President and
Chief Executive Officer

Transmittal No. 225

Secretary
Federal Communications Commission
Washington, D.C. 20554

Attention: Common Carrier Bureau

The accompanying tariff material, issued by Nevada Bell, bearing Tariff F.C.C. No. 1, effective May 31, 1997, is sent to you for filing in compliance with the Communications Act of 1934, as amended. This filing consists of tariff pages as indicated on the following check sheet:

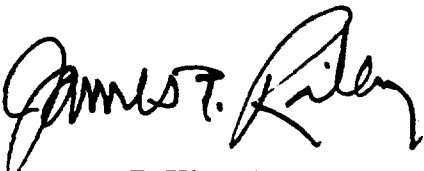

Tariff F.C.C. No. 1 211th Revised Page 1

This filing is being made in compliance with the F.C.C.'s Order dated April 4, 1997 which clarifies requirements set forth in the Payphone Reclassification proceeding, CC Docket No. 96-128. In accordance with the Pacific Telesis ex-parte letter dated April 10, 1997, Nevada Bell proposes adding International Direct Distance Dialing as an unbundled feature associated with exchange Pay Telephone Service.

Supporting information as specified in Section 61.49 of the Commission's Rules is not required with this filing, as the International Direct Distance Dialing feature is a nonchargeable service option.

In accordance with Section 61.32(b), the original Transmittal Letter, the Federal Communications Commission Form 159 and the filing fee have been submitted to a courier service for delivery to the Treasury Department lockbox at the Mellon Bank in Pittsburgh, Pennsylvania. Acknowledgment of receipt of this filing is requested. A duplicate letter of transmittal is attached for this purpose.

All correspondence in connection with this filing should be addressed to me at the above address.
All other inquiries may be directed to J. L. Bennett on (202) 383-6429.

M. E. King, Jr.
President and CEO

Enclosures:

Duplicate Transmittal Letter
Tariff Pages

Copy of Letter and Tariff Pages concurrently addressed to:
Chief, Tariff Review Branch (Public Reference Copy)
International Transcription Service

Before the
Federal Communications Commission
Washington, D.C. 20554

cc: Sheri Barta

In the Matter of)	
)	
Pacific Bell and Nevada Bell)	
Comparably Efficient Interconnection)	
Plan for the Provision of Basic Telephone)	
Service)	CC Docket No. 96-128
)	
Implementation of the Pay Telephone)	
Reclassification and Compensation Provisions)	
of the Telecommunications Act of 1996)	

ORDER

Adopted: April 15, 1997

Released: April 15, 1997

By the Deputy Chief, Common Carrier Bureau:

TABLE OF CONTENTS

	<u>Paragraph</u>
I. INTRODUCTION	1
II. BACKGROUND	3
III. SERVICE DESCRIPTION	6
IV. COMPLIANCE ISSUES	11
A. CEI Plan Requirements	11
B. Other Nonstructural Safeguards	54
C. Accounting Safeguards	66
D. Other Issues	67
V. CONCLUSION	96
VI. ORDERING CLAUSES	97

I. INTRODUCTION

1. On December 26, 1996, pursuant to the requirements of the Commission's orders in the payphone rulemaking proceeding,¹ Pacific Bell and Nevada Bell (jointly "PacTel") filed a comparably efficient interconnection (CEI) plan for the provision of payphone service.² In that proceeding, the Commission directed each Bell Operating Company (BOC) to file an initial CEI plan describing how it will comply with the Commission's Computer III³ CEI equal access parameters and nonstructural safeguards for the provision of payphone services.⁴ BOCs must make available on a nondiscriminatory basis the regulated basic services they provide to independent payphone service providers (PSPs) and to the BOCs' own payphone operations to provide payphone services.⁵

2. The Commission gave public notice of the filing of PacTel's CEI plan on January 13, 1997.⁶ On February 12, 1997, seven parties filed comments with the Commission

¹ Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, Report and Order, FCC 96-388 (rel. Sept. 20, 1996) ("Payphone Order"), appeal docketed sub nom., Illinois Public Telecommunications Ass'n v. FCC and United States, Case No. 96-1394 (D.C. Cir., filed Oct. 17, 1996), Erratum (rel. Sept. 27, 1996), recon. FCC 96-439 (rel. Nov. 8, 1996) ("Reconsideration Order"); Order, DA 97-678 (Common Car. Bur. rel. Apr. 4, 1997) ("Clarification Order").

² Pacific Telesis filed the CEI plan on behalf of Pacific Bell and Nevada Bell. Pacific Bell's and Nevada Bell's Comparably Efficient Interconnection Plan for Payphone Service (filed Dec. 26, 1996) ("PacTel CEI Plan"). See also Reply Comments of Pacific Bell and Nevada Bell (filed Feb. 27, 1997) ("PacTel Reply").

³ Amendment of Section 64.702 of the Commission's Rules and Regulations, CC Docket No. 85-229, Phase I, 104 FCC 2d 958 (1986) (Phase I Order), recon., 2 FCC Rcd 3035 (1987) (Phase I Recon. Order), further recon., 3 FCC Rcd 1135 (1988) (Phase I Further Recon. Order), second further recon., 4 FCC Rcd 5927 (1989) (Phase I Second Further Recon.), Phase I Order and Phase I Recon. Order vacated, California v. FCC, 905 F.2d 1217 (9th Cir. 1990) (California I); Phase II, 2 FCC Rcd 3072 (1987) (Phase II Order), recon., 3 FCC Rcd 1150 (1988) (Phase II Recon. Order), further recon., 4 FCC Rcd 5927 (1989) (Phase II Further Recon. Order), Phase II Order vacated, California I, 905 F.2d 1217 (9th Cir. 1990); Computer III Remand Proceedings, 5 FCC Rcd 7719 (1990) (ONA Remand Order), recon., 7 FCC Rcd 909 (1992), pets. for review denied, California v. FCC, 4 F.3d 1505 (9th Cir. 1993) (California II); Computer III Remand Proceedings: Bell Operating Company Safeguards and Tier 1 Local Exchange Company Safeguards, 6 FCC Rcd 7571 (1991) (BOC Safeguards Order), recon. dismissed in part, Order, CC Docket Nos. 90-623 & 92-256, FCC 96-222 (rel. May 17, 1996); BOC Safeguards Order vacated in part and remanded, California v. FCC, 39 F.3d 919 (9th Cir. 1994) (California III), cert. denied, 115 S.Ct. 1427 (1995) (referred to collectively as the Computer III proceeding).

⁴ Payphone Order at para. 202.

⁵ See id. at paras. 146, 200-04.

⁶ Pleading Cycle Established for Comments on Pacific Telesis Comparably Efficient Interconnection Plan for Payphone Service, Public Notice, CC Docket No. 96-128, DA 97-72 (rel. Jan. 13, 1997).

opposing the plan.⁷ PacTel submitted reply comments on February 27, 1997.⁸ For the reasons discussed below, we approve PacTel's CEI plan.

II. BACKGROUND

3. The payphone rulemaking proceeding implemented Section 276 of the Communications Act of 1934, as amended.⁹ Section 276 directed the Commission to prescribe a set of nonstructural safeguards for BOC payphone service to implement the statute's requirements that any BOC that provides payphone service: (1) shall not subsidize its payphone service directly or indirectly from its telephone exchange or exchange access service operations; and (2) shall not prefer or discriminate in favor of its payphone service.¹⁰ The 1996 Act provided that such safeguards must, at a minimum, include the nonstructural safeguards equal to those adopted in the Computer III proceeding.¹¹

4. In the Payphone Order, the Commission determined that the Computer III and Open Network Architecture (ONA)¹² nonstructural safeguards would "provide an appropriate

⁷ Comments of the American Public Communications Council on PacTel's CEI Plan (APCC Comments); AT&T's Comments On Pacific Bell's Comparably Efficient Interconnection Plan (AT&T Comments); Comments of the Inmate Calling Service Providers Coalition on PacTel's CEI Plan (ICSPP Comments); MCI Telecommunications Corporation Comments (MCI Comments); Comments of Oncor Communications, Inc. (Oncor Comments); Comments of San Diego Payphone Owners Association and Payphone Service Providers Group on Pacific Bell's Proposed CEI Plan for Payphone Services (SDPA Comments); Comments of Telco Communications Group, Inc. on Pacific Bell's and Nevada Bell's CEI Plan (Telco Comments). On February 13, 1997, the California Payphone Association filed comments on PacTel's CEI plan and moved for a one day extension of time for filing its comments in this proceeding. See Comments of California Payphone Association on Pacific Bell's and Nevada Bell's CEI Plan for Payphone Service (CPA Comments), and Motion of California Payphone Association for Extension of Time to File Comments (CPA Motion).

⁸ PacTel Reply.

⁹ 47 U.S.C. § 276. Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996 Act), codified at 47 U.S.C. §§ 151 et seq. Hereinafter, all citations to the 1996 Act will be to the 1996 Act as it is codified in the United States Code. The 1996 Act amended the Communications Act of 1934. We will refer to the Communications Act of 1934, as amended, as "the Communications Act" or "the Act."

¹⁰ 47 U.S.C. § 276(b)(1)(C).

¹¹ Id.

¹² See Filing and Review of Open Network Architecture Plans, 4 FCC Rcd 1 (1988) (BOC ONA Order), recon., 5 FCC Rcd 3084 (1990) (BOC ONA Reconsideration Order); 5 FCC Rcd 3103 (1990) (BOC ONA Amendment Order), erratum, 5 FCC Rcd 4045, pets. for review denied, California v. FCC, 4 F.3d 1505 (9th Cir. 1993), recon., 8 FCC Rcd 97 (1993) (BOC ONA Amendment Reconsideration Order); 6 FCC Rcd 7646 (1991) (BOC ONA Further Amendment Order); 8 FCC Rcd 2606 (1993) (BOC ONA Second Further Amendment Order), pet. for review denied, California v. FCC, 4 F.3d 1505 (9th Cir. 1993) (collectively referred to as the ONA Proceeding).

regulatory framework to ensure that BOCs do not discriminate or cross-subsidize in their provision of payphone service."¹³ Accordingly, the Commission required the BOCs to file "CEI plans describing how they will comply with the Computer III unbundling, CEI parameters, accounting requirements, CPNI requirements as modified by section 222 of the 1996 Act, network disclosure requirements, and installation, maintenance, and quality nondiscrimination requirements."¹⁴ Obtaining approval of its CEI plan is one of the criteria a BOC must meet before its payphone operations may receive compensation for completed intrastate and interstate calls using a payphone under the new compensation plan established in the payphone proceeding.¹⁵

5. The Payphone Order required BOCs to "provide tariffed, nondiscriminatory basic payphone services that enable independent [payphone service] providers to offer payphone services using either instrument-implemented 'smart payphones' or 'dumb' payphones that utilize central office coin services,¹⁶ or some combination of the two in a manner similar to the LECs."¹⁷ Those tariffs must be filed with the applicable state regulatory commission.¹⁸ Additionally, BOCs must file with the Commission tariffs for

¹³ Payphone Order at para. 199. In addition, the Commission adopted accounting safeguards for BOC and incumbent LEC provision of payphone service on an integrated basis. See Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996, CC Docket No. 96-150, Report and Order, FCC 96-490, para. 100 (rel. Dec. 24, 1996).

¹⁴ Payphone Order at para. 199. In its notice of proposed rulemaking regarding the CPNI and other customer information provisions of the 1996 Act, the Commission concluded that its previously established CPNI requirements would remain in effect, pending the outcome of that rulemaking, to extent that they do not conflict with the CPNI provisions of the 1996 Act. See Implementation of the Telecommunications Act of 1996: Telecommunication Carriers' Use of Customer Proprietary Network Information and Other Customer Information, CC Docket No. 96-115, Notice of Proposed Rulemaking, 11 FCC Rcd 12513, 12529 (1996) (CPNI NPRM).

¹⁵ Reconsideration Order at para. 132. In addition to an approved CEI plan, in order to receive compensation, the Reconsideration Order requires that "a LEC must be able to certify the following: (1) it has an effective cost accounting manual ("CAM") filing; (2) it has an effective interstate CCL tariff reflecting a reduction for deregulated payphone costs and reflecting additional multiline subscriber line charge ("SLC") revenue; (3) it has effective [intrastate] tariffs reflecting the removal of charges that recover the costs of payphones and any intrastate subsidies; (4) it has deregulated and reclassified or transferred the value of payphone customer premises equipment ("CPE") and related costs as required in the Payphone Order; (5) it has in effect intrastate tariffs for basic payphone services (for "dumb" and "smart" payphones); and (6) it has in effect intrastate and interstate tariffs for unbundled functionalities associated with those lines." Id. at para. 131.

¹⁶ A "smart" payphone has capabilities programmed into it that perform certain functions, such as rating calls or collecting or returning coins. A "dumb" payphone does not have such capabilities but must instead rely on central office controls to collect and return coins or perform other functions.

¹⁷ Reconsideration Order at para. 162.

¹⁸ Id.

unbundled features or functions that are either used by a BOC's payphone operations to provide payphone service or offered by the BOC to unaffiliated PSPs on an unbundled basis.¹⁹

III. SERVICE DESCRIPTION

6. PacTel provides several types of local exchange services, which can be used with a "smart" or "dumb" payphone²⁰ that has touch-tone capability: COPT Service (Basic) service; COPT Coin Line service; COPT Charge-a-Call service; Inmate service, and Enhanced COPT Access Line service.²¹ Most of these services can be ordered as either "outward only" or "bothway" service.²² In all cases, the demarcation point between PacTel's network and unregulated equipment is the minimum point of entry (MPOE).²³

7. COPT Service (Basic) is a measured (with respect to local calls) local exchange service that is designed to work with "smart" payphone sets. This service is available in two versions: bothway or outward only. This service includes blocking and screening,²⁴ but the PSP's payphone must provide all desired coin features (such as coin control, call rating, and coin return).²⁵ While independent PSPs can obtain operator services,

¹⁹ Payphone Order at paras. 146-148; Reconsideration Order at paras. 162-163; Clarification Order at para. 8.

²⁰ A "smart" payphone has capabilities programmed into it that perform certain functions, such as rating calls or collecting or returning coins. A "dumb" payphone does not have such capabilities, but instead must rely on central office controls to collect and return coins, and perform other functions.

²¹ PacTel CEI Plan at 3; Letter of Polly L. Brophy, Senior Counsel, Pacific Telesis, to Christopher Heimann, Policy Division, Common Carrier Bureau (March 20, 1997) ("Policy Division March 20 Ex Parte").

²² PacTel CEI Plan at 3. "Bothway" service allows a payphone both to receive incoming and to make outgoing calls. "Outward" only service permits a payphone only to make outgoing calls.

²³ Id.

²⁴ Call blocking prevents the completion of certain types of calls from a payphone (e.g., calls to 900 and 976 numbers, or domestic 10XXX 1+ calls and international 10XXX 011+ calls). Billed number screening is a feature to prevent alternate billed calls from being made to the payphone line (e.g., by indicating to the operator that collect or third party number calls cannot be billed to the payphone line). See Letter from Polly L. Brophy, Senior Counsel, Pacific Telesis, to James Schlichting, Chief, Competitive Pricing Division, Common Carrier Bureau, Attachment I (March 20, 1997) ("Pricing Division March 20 Ex Parte").

²⁵ Coin control is a feature that controls the collection and counting of coins deposited into payphone equipment, and which allows sent-paid calls to be completed. Call rating provides a payphone with rating information on coin sent-paid calls. Coin return is used to release coins for uncompleted calls. Id.

including card verification and acceptance, for intraLATA calls, from PacTel, they also may make arrangements with another service provider to do so.²⁶

8. COPT Coin Line service is a flat-rated local exchange service that is designed to work with "dumb" payphones. Two versions of this service are available: bothway or outward only. Coin Line service includes central office-based blocking and screening, as well as the following central office-based coin features: coin control, call rating, and coin return.²⁷

9. COPT Charge-a-Call service is a measured service designed for coinless payphone sets and may be used only to originate 0+ and toll-free access calls. In particular, the service allows third party, collect, calling card and credit card billing. Two versions of the service are available: bothway or outward only. Billed number screening is included. IntraLATA calls are handled by PacTel's operator services, including its automated card verification and acceptance systems, which generally accept the card of any issuer with which PacTel has a card honoring agreement.²⁸

10. Inmate service is offered in several different versions. In California, Pacific Bell offers four measured inmate services for smart payphones, all of which include network-based billed number screening. These services allow PSPs to elect, on a non-chargeable basis, among several types of call handling procedures used by PacTel's operator services are as follows: (1) bothway service that blocks all calls except coin sent-paid calls, intraLATA (toll and local) 0+ collect-only calls, interLATA 0+ calls, and certain free calls; (2) bothway service that blocks all calls except intraLATA 0+ collect-only calls and interLATA 0+ calls; (3) outward only service that blocks all calls except coin sent-paid calls, intraLATA (toll and local) 0+ collect-only calls, interLATA 0+ calls, and certain free calls; and (4) outward only service that blocks all calls except intraLATA 0+ collect-only calls and interLATA 0+ calls. Pacific Bell also offers two flat-rated inmate services for dumb payphones, which include central office coin control and billed number screening. These services allow PSPs to elect, on a non-chargeable basis, among several types of procedures used by PacTel's operator services to handle calls from dumb payphones. These optional procedures are as follows: (1) bothway service that blocks all calls except local coin sent-paid calls and 0+ collect only calls; and (2) outward only service that blocks all calls except local and toll coin sent-paid calls and 0+ collect-only calls. In Nevada, Nevada Bell will offer two inmate services for smart payphones (CPICS). In addition, PSPs may provide CPICS for use by PSPs that wish to offer high capacity digital data services, or, where COPTs or equivalent services are not available, by individual flat rate business line or individual flat rate trunk. These services are:

²⁶ PacTel CEI Plan at 3-4. See also Policy Division March 20 Ex Parte.

²⁷ PacTel CEI Plan at 4. See also Policy Division March 20 Ex Parte. In Nevada, COPT Coin Line Service is offered as a measured service where technically feasible. Where not technically feasible, it is offered as a flat-rated service. Policy Division March 20 Ex Parte at 4.

²⁸ PacTel CEI Plan at 4. See also Policy Division March 20 Ex Parte at 2.4.

(1) measured line, two way service, which is the same as Basic COPT service; and (2) outgoing only service that blocks all calls except 0+ collect only calls (otherwise, this service is the same as Basic COPT service).²⁹

10. Enhanced COPT Access Line service is a measured line service offered by Nevada Bell, which is designed to operate with smart payphones requiring special central office features and equipment. Two versions of this service are available: bothway or outward only. This service provides the following additional central office-based features: standard analog loop, line side answer supervision, and operator services identification.³⁰

IV. COMPLIANCE ISSUES

A. CEI Plan Requirements

11. The Commission's CEI requirements were originally established in the Computer III proceeding, in which the Commission adopted a regulatory framework to govern the provision of integrated enhanced and basic services by the BOCs.³¹ As applied in the payphone context, the CEI requirements are designed to give independent PSPs equal and efficient access to the regulated basic payphone services that the BOCs use to provide their own payphone services.³² BOCs must also provide payphone services to independent PSPs on a nondiscriminatory basis as required in the payphone rulemaking proceeding.³³ The Commission, in its Computer III proceeding, established nine specific CEI requirements,³⁴ which are discussed below. PacTel has described in its submissions how its basic telephone service will satisfy each of the Commission's nine CEI requirements. We review below PacTel's CEI plan with respect to each of these requirements.

²⁹ PacTel CEI Plan at 4-5; Policy Division March 20 Ex Parte at 2-4.

³⁰ Policy Division March 20 Ex Parte.

³¹ See Phase I Order, 104 FCC 2d at 1026, para. 128. Requiring BOCs to file CEI plans was one of the nonstructural safeguards adopted by the Commission, in lieu of structural separation, to prevent cross-subsidization and discrimination. As a first step in implementing the Computer III framework, the Commission permitted the BOCs, which remained subject to various structural separation requirements, to offer individual enhanced services on an integrated basis following approval of service-specific CEI plans. BOCs were required to describe in their CEI plans: (1) the enhanced service or services to be offered; (2) how the underlying basic services would be made available for use by competing enhanced service providers; and (3) how the BOCs would comply with the other nonstructural safeguards imposed by Computer III. See Phase I Order, 104 FCC 2d at 1034-59, paras. 142-200.

³² Payphone Order at paras. 146, 200-04.

³³ Reconsideration Order at para. 163-65.

³⁴ Phase I Order, 104 FCC 2d at 1039-1043, paras. 154-166.

1. Unbundling of Basic Services

12. The Payphone Order deregulated LEC payphones and classified those payphones as CPE.³⁵ In addition to providing tariffed coin service so competitive payphone providers can offer payphone services using either instrument-implemented "smart" payphones or "dumb" payphones that utilize central office coin services, a LEC must tariff unbundled payphone features that the LEC uses or provides on an unbundled basis.³⁶ Moreover, BOCS, but not other LECs, must unbundle additional network elements when required by a state or requested by payphone providers based on the specific criteria established in the Computer III and ONA proceedings.³⁷

13. The Payphone Order requires BOCs to file CEI plans that explain how they will unbundle basic payphone services.³⁸ Specifically, a BOC must indicate how it plans to unbundle, and associate with a specific rate element in the tariff, the basic services and basic service functions that underlie its provision of payphone service.³⁹ Nonproprietary information used by the BOC in providing the unbundled basic services must be made available as part of CEI.⁴⁰ In addition, any options available to the BOC in the provision of such basic services or functions must be included in the unbundled offerings.⁴¹

14. PacTel represents that the basic network services used by its payphone service operations ("PubCom") will be offered unbundled from its other basic service offerings,⁴² and that independent PSPs and PubCom will have available to them the same tariffed network services for use in providing payphone services.⁴³ According to PacTel, prior to the effective date of the 1996 Act, it had already made available to independent PSPs services that allowed them to offer payphone services using either smart or dumb payphone sets, and that it is

³⁵ Payphone Order at para. 142.

³⁶ Payphone Order at paras.146-148; Reconsideration Order at paras. 162-163, 165; Clarification Order at para. 8.

³⁷ Payphone Order at 148; Reconsideration Order at para. 165.

³⁸ Payphone Order at para. 204.

³⁹ Id. (citing Phase I Order, 104 FCC 2d at 1040). See also Reconsideration Order at para. 213.

⁴⁰ Payphone Order at para. 204 (citing Phase I Order, 104 FCC 2d at 1040).

⁴¹ Id. See also Reconsideration Order at para. 213 (citing Phase I Order at 1040).

⁴² PacTel CEI Plan at 5.

⁴³ Id. at 3.

continuing to make such services available.⁴⁴ PacTel asserts that these basic network capabilities are associated with specific rate elements in its existing tariffs,⁴⁵ and that it will make available to independent PSPs additional unbundled services through the 120-day ONA service request process.⁴⁶

15. APCC and SDPA contend that PacTel's CEI plan must be rejected because it fails sufficiently to unbundle PacTel's payphone services.⁴⁷ APCC states that, while PacTel bundles some features with both its COPT Service (Basic) and coin line services (e.g., screening service), some features are only included with coin line service (e.g., answer supervision).⁴⁸ APCC argues that PacTel should be required to price features the same, regardless of whether the features are offered on an unbundled basis or bundled with the line, and regardless of whether such features are used with COPT Service (Basic) or coin lines.⁴⁹ APCC claims that, without such unbundling and separate tariffing, "it is not possible to determine whether all discrimination between [COPT Service (Basic)] line services and coin line services has been eliminated, and whether PacTel's 'basic payphone line' is uniformly tariffed at cost-based rates."⁵⁰ While SDPA acknowledges that the Commission declined to order significant unbundling, it argues that relying only on the ONA procedure unreasonably shifts the burden of pursuing effective unbundling to independent PSPs.⁵¹

⁴⁴ Id. at 5-6. PacTel claims that its current state tariffs are consistent with the requirement that carriers file state tariffs to make available central office coin transmission services, which allow PSPs to offer payphone services using either smart or dumb payphone sets if the carrier provides such services to its own payphone operations. Id. at 6 n. 11. PacTel also notes, however, that it plans to add classes of services to its state tariffs. Id. Specifically, PacTel states that Nevada Bell will offer COPT Coin Line service and COPT Charge-a-Call service pursuant to tariffs filed on January 15, 1997. Id. at 4 n.6 and n.7. On January 15, 1997, Nevada Bell filed tariffs for both of the foregoing services. See PacTel Reply, Exhibit A.

⁴⁵ PacTel CEI Plan at 6 (noting that, as discussed above, Nevada Bell plans to tariff COPT Coin Line service by January 15, 1997).

⁴⁶ Id.

⁴⁷ APCC Comments at 6; SDPA Comments at 6.

⁴⁸ APCC Comments at 6.

⁴⁹ Id. at 6-7.

⁵⁰ Id. at 7.

⁵¹ SDPA Comments at 6. SDPA avers that, so long as PacTel's COPT service, which is comprised of a variety of bundled services, is not fully unbundled and there is no structural separation, there is a strong potential for discrimination by PacTel in favor of its payphone operations. Id.

16. PacTel responds that our CEI requirements do not require it to unbundle particular features from existing service offerings.⁵² Rather, PacTel argues, the unbundling requirement requires that "the basic, regulated network services that our PSPs use must be unbundled from other basic services so that other PSPs can purchase and use them in the same manner as our PSPs."⁵³ PacTel claims that its CEI plan demonstrates compliance with this requirement.⁵⁴

17. We find that PacTel's plan satisfies the CEI unbundling requirement contained in the payphone proceeding. The payphone rulemaking proceeding requires BOCs to offer transmission services that enable unaffiliated PSPs to offer payphone services using either "smart" or "dumb" payphones, or to offer inmate calling services.⁵⁵ In addition, consistent with the requirements of the payphone proceeding, BOCs must provide, on a tariffed basis, the unbundled features and functions that they provide to unaffiliated PSPs or to their own payphone operations.⁵⁶ PacTel's plan, as supplemented, satisfies these requirements. We note that PacTel may unbundle additional features and functions, states may require further unbundling, and independent PSPs may request additional unbundled features and functions through the ONA 120-day service request process.⁵⁷ Any other unbundled features and functions provided by PacTel must comply with the tariffing and CEI requirements of the payphone proceeding, Computer III and ONA.

18. We reject APCC's and SDPA's contention that PacTel must further unbundle its payphone services at this time. As noted in the Clarification Order, the Commission's payphone orders "do not require that LECs unbundle more features and functions from the basic payphone line . . . than the LEC provides on an unbundled basis."⁵⁸ In the Clarification Order, we stated that if, for example, a BOC provides answer supervision bundled with the basic payphone line, the BOC is not required either to unbundle that service from its state tariff for payphone service, or to tariff that service at the federal level. If the LEC, however, provides answer supervision separately, on an unbundled basis, either to affiliated or

⁵² PacTel Reply at 10 n.20.

⁵³ Id. ("[a]s part of its CEI offering, the basic services and basic service functions that underlie [a] carrier's enhanced offering must be unbundled from other basic service offerings and associated with a specific rate element in the CEI tariff.") (emphasis in original) (quoting Computer III at para. 158).

⁵⁴ Id.

⁵⁵ Payphone Order at para. 146.

⁵⁶ Reconsideration Order at para. 146.

⁵⁷ Clarification Order at para. 8. n.23.

⁵⁸ Clarification Order at para. 16 (citing Payphone Order at para. 148; Order on Reconsideration at para. 165).

unaffiliated PSPs, the LEC must tariff that feature in both the state and federal jurisdictions.⁵⁹ Thus, PacTel is not obligated at this time to unbundle from its basic payphone service offerings any features that PacTel does not offer on an unbundled basis to itself or to others. Independent PSPs may request PacTel to unbundle its coin line service further through the 120 day ONA process.⁶⁰

2. Interface Functionality

19. The interface functionality requirement obligates the BOC to make available standardized hardware and software interfaces that are able to support transmission, switching, and signaling functions identical to those used by the BOC's payphone service.⁶¹

20. PacTel represents that it "will interconnect its payphone services to its network only by means of the tariffed network services with standardized technical interconnections that are available to all PSPs."⁶² It adds that no special interfaces, signaling, abbreviated dialing, derived channels or other capabilities will be made available only to its pay telephone operations.⁶³

21. Telco asserts that PacTel does not adequately describe how it intends to provide interface functionality, but, instead, merely states that PSPs may connect their payphone CPE to Pacific Bell's standardized technical interfaces.⁶⁴ Telco claims that Pacific Bell "provides no further explanation or meaningful detail regarding the technical

⁵⁹ Clarification Order at para. 16. That order clarified that the unbundled features and functions addressed in the payphone rulemaking proceeding are network services similar to basic service elements ("BSEs") under the ONA regulatory framework. BSEs are defined as optional unbundled features that an enhanced service provider may require or find useful in configuring its enhanced service. Id. at para. 17 (citing Filing and Review of Open Network Architecture Plans, Phase I, Memorandum Opinion and Order, FCC 88-381, 4 FCC Rcd 1 (1988) ("BOC ONA Order")). In this case, the unbundled features are payphone-specific, network-based features and functions used in configuring unregulated payphone operations provided by PSPs or LECs. Some of the LECs use terms such as tariffed "options" and "elective features" to refer to network services that other LECs call features and functions. The Clarification Order concluded that "[o]ptions and elective features must be federally tariffed in the same circumstances as features and functions must be federally tariffed, depending on whether they are provided on a bundled basis with the basic network payphone line (state tariff), or separately on an unbundled basis (federal and state tariffs)." Id. (citing Application of Open Network Architecture and Nondiscrimination Safeguards to GTE Corporation, 11 FCC Rcd 5558 (1995)).

⁶⁰ Payphone Order at para. 148; Reconsideration Order at 165.

⁶¹ Payphone Order at paras. 202-03; Phase I Order, 104 FCC 2d at 1039, para. 157.

⁶² PacTel CEI Plan at 5.

⁶³ Id.

⁶⁴ Telco Comments at 2-3.

requirements a PSP must meet to connect to the network interfaces, and provides absolutely no description of the interfaces."⁶⁵ In addition, SDPA asserts that, even if PacTel does not make special network interfaces available to PubCom in the future, "it does not address unique network serving arrangements for the LEC's payphone division which may already be in place."⁶⁶

22. PacTel responds that, as part of its CEI offering, it is only required to make available standardized interfaces that are able to support functions identical to those utilized in the service provided by the LEC.⁶⁷ PacTel claims that it makes such interfaces available through the standard technical interconnections in the tariffs attached to its CEI plan and in the services offered in its new state tariffs attached to its reply.⁶⁸ PacTel adds that it provided information and technical disclosures for interfaces in its network disclosures on January 15, 1995.⁶⁹ In response to SDPA, PacTel represents that its PSPs do not, and will not, have any high-capacity or specialized serving arrangements that are not available to all PSPs.⁷⁰

23. We find that PacTel's CEI plan comports with the interface functionality requirement. As stated above, the interface functionality requirement only obligates a BOC to make available standardized hardware and software interfaces that will be able to support transmission, switching, and signaling functions identical to those used by the BOC's payphone service. PacTel represents, and Telco does not deny, that it has done so. Beyond the filing of network disclosures, which PacTel states it has filed, this parameter does not require PacTel to provide technical details in the CEI plan explaining how PSPs will connect to PacTel's network.

3. Resale

24. The resale requirement established in Computer III obligates a "carrier's enhanced service operations to take the basic services used in its enhanced service offerings at their unbundled tariffed rates as a means of preventing improper cost-shifting to regulated operations and anticompetitive pricing in unregulated markets."⁷¹ Based on the requirement in

⁶⁵ Id.

⁶⁶ SDPA Comments at 5.

⁶⁷ PacTel Reply at 27.

⁶⁸ Id.

⁶⁹ Id. (adding that, since it has offered the subject services for years and the interfaces are standard, no further description is needed).

⁷⁰ Id. at 28.

⁷¹ Phase I Order, 104 FCC 2d at 1040, para. 159.